



# House of Representatives

General Assembly

**File No. 212**

*January Session, 2001*

Substitute House Bill No. 6608

*House of Representatives, April 10, 2001*

The Committee on Planning and Development reported through REP. DAVIS of the 50th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT EXPANDING ELIGIBILITY IN THE MUNICIPAL EMPLOYEES HEALTH INSURANCE PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 5-259 of the general statutes is  
2 repealed and the following is substituted in lieu thereof:

3 (i) The Comptroller may provide for coverage of municipal  
4 employees under the plan or plans procured under subsection (a) of  
5 this section, provided: (1) Participation by each municipal employer  
6 shall be on a voluntary basis; (2) where an employee organization  
7 represents employees in a municipality, participation in a plan or plans  
8 to be procured under subsection (a) of this section shall be by mutual  
9 agreement of the municipal employer and the employee organization  
10 only and neither party may submit the issue of participation to binding  
11 arbitration except by mutual agreement; (3) no group of employees  
12 shall be refused entry into the plan by reason of past or future health

13 care costs or claim experience; (4) rates paid by the state for its  
14 employees under subsection (a) of this section are not adversely  
15 affected by this subsection; (5) administrative costs to the plan or plans  
16 provided under this subsection shall be paid by the participating  
17 municipality at no additional cost to the state; and (6) participation in  
18 the plan or plans in an amount determined by the state shall be for the  
19 duration of the period of the plan or plans, or for such other period as  
20 mutually agreed by the municipality and the Comptroller. For the  
21 purposes of this subsection, "municipality" means any town, city,  
22 borough, school district, taxing district, fire district, district department  
23 of health, probate district, housing authority, regional work force  
24 development board established under section 31-3k, flood commission  
25 or authority established by special act, regional planning agency,  
26 transit district formed under chapter 103a, [or] the Children's Center  
27 established by number 571 of the public acts of 1969, or group  
28 organized as a nonprofit corporation under 26 USC 501(c)(3).

29 Sec. 2. Subsection (m) of section 5-259 of the general statutes is  
30 repealed and the following is substituted in lieu thereof:

31 (m) The Comptroller may provide for coverage of employees of  
32 community action agencies, as defined in subsection (b) of section 17b-  
33 885, under the plan or plans procured under subsection (a) of this  
34 section, provided: (1) Participation by each such agency shall be on a  
35 voluntary basis; (2) where an employee organization represents  
36 employees in such agency, participation in a plan or plans to be  
37 procured under subsection (a) of this section shall be by mutual  
38 agreement of the agency and the employee organization only and  
39 neither party may submit the issue of participation to binding  
40 arbitration except by mutual agreement; (3) no group of employees  
41 shall be refused entry into the plan by reason of past or future health  
42 care costs or claim experience; (4) rates paid by the state for its  
43 employees under subsection (a) of this section are not adversely  
44 affected by this subsection; (5) administrative costs to the plan or plans

45 provided under this subsection shall be paid by the participating  
46 agency at no additional cost to the state; and (6) participation in the  
47 plan or plans in an amount determined by the state shall be for the  
48 duration of the period of the plan or plans, or for such other period as  
49 mutually agreed upon by the agency and the Comptroller. Not later  
50 than February 1, [2001,] 2002, and annually thereafter, the Comptroller  
51 shall submit to the joint standing committee of the General Assembly  
52 having cognizance of matters relating to insurance and real estate a  
53 review of the coverage of community action agency employees under  
54 the state health plan.

**LAB**      *Joint Favorable Subst. C/R-LCO*

PD

**PD**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Explanation Below

**Affected Agencies:** Various

**Municipal Impact:** See Explanation Below

**Explanation****State Impact:**

The bill extends eligibility for the Municipal Employees Health Insurance Program (MEHIP) to nonprofit organizations registered under section 501(c)(3) of the Internal Revenue Code. MEHIP is sponsored by the Office of the State Comptroller (OSC) and managed by a third party administrator (TPA). By design, any costs incurred by the program are passed onto the participants and therefore, the OSC will not bear any costs associated with the inclusion of nonprofits within MEHIP.

From April of 2000 to March of 2001 the TPA incurred \$83,618 in administrative costs (1.5% of the premium) representing an estimated 1,868 lives in 27 municipalities.

There are an estimated 11,000 nonprofits registered as 501(c)(3) in Connecticut. Of these, approximately 500 are nonprofits that provide day, residential or outpatient services and contract with various state agencies.

Participating providers would incur both administrative and benefit costs. To the extent that this would be lower than the provider's current health related costs, a savings would result. If a provider currently does not offer this benefit and chooses to do so, then depending on the varying level of employer contribution an additional cost may result. To the extent that any impact (cost or savings) is realized by the private providers due to the participation in health plans procured by the Comptroller and is passed through to the state in future contract costs, the state may also realize this impact (cost or savings). The extent of this future impact cannot be determined at this time.

***Municipal Impact:***

As a result of the additional participants in the MEHIP program, municipalities may incur a savings due to a reduction in the health related costs. Such potential savings is indeterminate at this time.

**OLR Bill Analysis**

sHB 6608

***AN ACT EXPANDING ELIGIBILITY IN THE MUNICIPAL EMPLOYEES HEALTH INSURANCE PROGRAM.*****SUMMARY:**

This bill allows groups organized as tax-exempt nonprofit corporations under Section 501(c)(3) of the Internal Revenue Code to participate in health plans procured by the comptroller. Most nonprofit corporations are organized under this provision.

The bill also extends from February 1, 2001 to February 1, 2002, the time the comptroller has to file her first annual report with the Insurance and Real Estate Committee about the coverage of community action agency employees under health plans procured by her.

EFFECTIVE DATE: October 1, 2001

**BACKGROUND*****Community Action Agencies***

Community action agencies are public or private nonprofit agencies designated by and authorized to accept funds from the federal Community Services Administration under the Economic Opportunity Act of 1964. They (1) develop information about the problems and cause of poverty; (2) initiate and sponsor projects responsive to the needs of the poor, which are not otherwise being met; and (3) secure and administer assistance on a common or cooperative basis.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Change of Reference

Yea 14      Nay 0

Planning and Development Committee

Joint Favorable Report

Yea 16      Nay 1